A4325-14 3/88

RESEARCH REPORT CFAE
COUNCIL FOR AID TO EDUCATION FEBRUARY 1988
680 Fifth Avenue, New York, NY 10019 212/541-4050

CORPORATE SUPPORT OF EDUCATION 1986

HIGHLIGHTS

National estimates: Total corporate contributions rose 2 percent to $4.5 billion; giving to education was up 4 percent to $1.95 billion. These are the slowest growth rates since 1975. Preliminary data for 1987 show a leveling off, but there are signs of an upturn in 1988. Page 3

Survey results: The 372 survey corporations gave the largest share ever — 43 percent, or $721 million -- to education. Page 4

Nearly 77 percent of the total education dollars went to colleges and universities. But support for precollege education is rising and claimed 6 percent of the dollars. Page 5

Contributions rose as a share of corporate earnings. Page 7

Manufacturing industries led in percentages of total contributions, income and assets going to education. Page 8

Noncash gifts of products and property made up 28 percent of education support. Page 9

Corporate foundations stabilized the flow of charitable contributions. Page 10

The top 25 manufacturers and top 25 service companies accounted for two thirds of the gifts to education reported by all survey companies. Page 11

CFAE

RESEARCH REPORT is an occasional publication of the Council for Aid to Education, a tax-exempt, not-for-profit corporation organized under the laws of the State of New York for the purpose of encouraging the widest possible voluntary support for education.

Introduction

We are pleased to present our new survey of corporate contributions to education. It is the 13th in the series of studies which we have cosponsored with the Conference Board.

To no one's surprise, the very rapid growth that has characterized corporate giving over the past ten years slowed markedly in 1986. It appears that finally the striking divergence between soaring contributions and lagging profits has ended.

While the very limited growth in corporate giving in 1986 may be cause for concern, it is not cause for alarm. We detect no weakening in management's resolve to support community needs through charitable contributions. Certainly giving to education continues to grow, both as a share of total contributions and as a percentage of pretax net income. Meanwhile, new forms of support are appearing — low-interest loans, cause-related marketing ventures, employee volunteering — many of them not booked as charitable contributions and therefore not measured in this survey.

All in all, we are convinced that the business community's commitment is firm. While the preliminary evidence for 1987 giving signals a plateau, we look for further growth in 1988 and beyond.

On behalf of the Council, I want to thank all those people who made this report possible — our colleagues at the Conference Board, the corporate executives who took time to complete a complicated survey form and our own CFAE research team, headed by Director Jane F. Hammond.

February 1988

John R. Haire
President

COUNCIL FOR AID TO EDUCATION

680 Fifth Avenue, New York, NY 10019
(212) 541-4050

BOARD OF DIRECTORS

Harold W. McGraw, Jr., Chairman
Chairman, McGraw-Hill, Inc.

John F. Akers, Chairman
International Business Machines Corporation

John Brademas, President
New York University

James E. Burke, Chairman
Johnson & Johnson

Colin G. Campbell, President
Wesleyan University

John Carter, President
The Equitable Life Assurance Society of the United States

James L. Ferguson
Chairman of the Executive Committee
General Foods Corporation

Richard M. Furlaud, Chairman
Squibb Corporation

Katharine Graham, Chairman
The Washington Post Company

George V. Grune, Chairman
The Reader's Digest Association, Inc.

John R. Haire, President
Council for Aid to Education

Richard E. Heckert, Chairman
E.I. du Pont de Nemours & Company

Matina Horner, President
Radcliffe College

Richard M. Jones, President
Sears, Roebuck & Co.

Philip H. Jordan, Jr., President
Kenyon College

Donald Kennedy, President
Stanford University

Gerald D. Laubach, President
Pfizer Inc.

Richard J. Mahoney, Chairman
Monsanto Company

Robert H. McCabe, President
Miami-Dade Community College

J. Donald Monan, S.J., President
Boston College

J. Russell Nelson, President
Arizona State University

James E. Olson, Chairman
American Telephone and Telegraph Company

Benjamin F. Payton, President
Tuskegee University

Donald E. Petersen, Chairman
Ford Motor Company

Lee R. Raymond, President
Exxon Corporation

Ronald W. Roskens, President
University of Nebraska

Charles S. Sanford, Jr., Chairman
Bankers Trust Company

William A. Schreyer, Chairman
Merrill Lynch & Co., Inc.

James R. Stover, Chairman and President
Eaton Corporation

STAFF OFFICERS

John R. Haire, President

Hayden W. Smith, Senior Vice President

Edward M. Crane, Jr., Vice President

David E. Gile, Vice President

Robert McC. Jordan, Vice President and Treasurer

Paul R. Miller, Jr., Vice President

Anne L. Saplin, Vice President and Secretary

Joan McC. Lundberg, Assistant Vice President

Jane F. Hammond, Director of Research

Diana W. Rigden, Director of Precollege Programs

This report is based on data from the Annual Survey of Corporate Contributions, cosponsored by the Conference Board and the Council for Aid to Education.

National Trends In Corporate Support

Growth in corporate support of education slowed significantly in 1986. And early soundings for the year just ended suggest that it has reached a plateau in 1987. However, such is the momentum behind the business community's concern with education that, absent an economic downturn, there are some signs of an increase in 1988.

In 1986, corporate gifts to education reached an estimated total of $1.95 billion, an increase of $75 million, or 4 percent, over 1985 (see **Table 1**). This is the smallest increase since 1975, when corporate education grants grew by only 1.1 percent. In each of the ten years since, corporate giving to education increased at double-digit percentage levels.

Meanwhile, corporate contributions to all charitable causes grew at an even slower pace in 1986: up $100 million, or 2.3 percent, over 1985, for an estimated grand total of $4.5 billion. Since support of education increased more in percentage terms than support of all causes in 1986, its share of total contributions rose to 43.3 percent.

The Council for Aid to Education (CFAE) estimates that between 70 percent and 75 percent of these aid-to-education funds go directly to colleges and universities. The rest includes support of precollege education, individual student scholarships, economic education and other education-related organizations.

These national estimates of corporate contributions are calculated by CFAE based on the findings of the annual *Survey of Corporate Contributions*, jointly sponsored by CFAE and the Conference Board, the annual CFAE *Survey of Voluntary Support of Education* and other information. The companies participating in this 1986 corporate contributions survey account for roughly 60 percent of total corporate profits before taxes as estimated by the U.S. Department of Commerce and about 37 percent of total charitable contributions by all U.S. corporations as reported to the Internal Revenue Service for tax purposes. (See page 12 for technical comments on the data and the estimates.)

WHY THE SLOWDOWN?

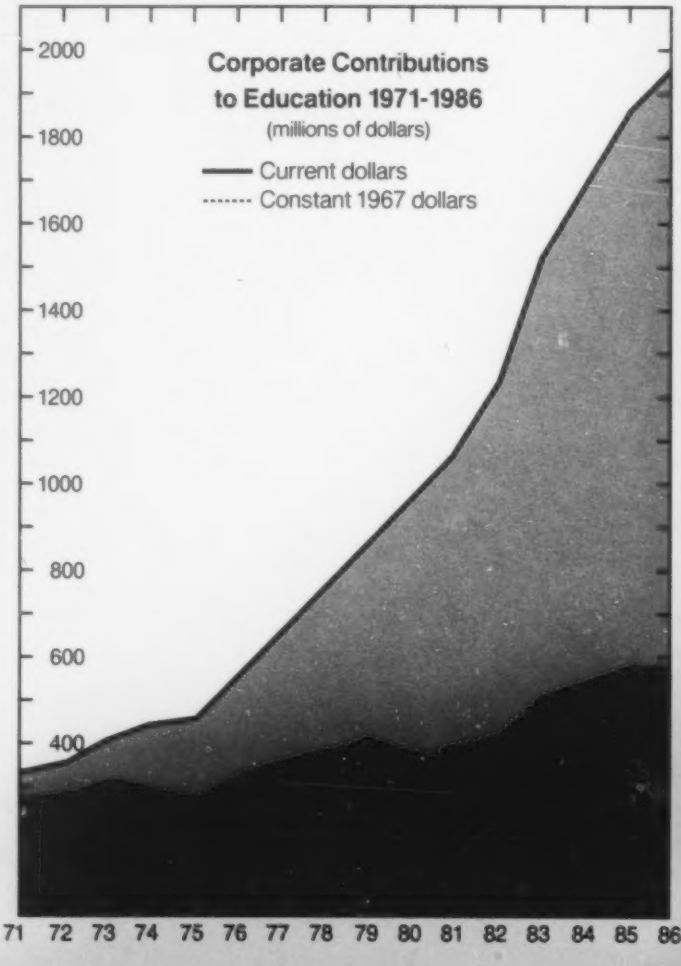
Slower growth in corporate giving is hardly unexpected; indeed, most experts looked for it well before 1986. The past decade has witnessed extraordinary increases, averaging more than 10 percent

Table 1. National Trends in Corporate Pretax Net Income and Contributions

Year	Pretax Net Income* (billions of dollars)	Contributions (millions of dollars) Total**	Contributions (millions of dollars) Education***	Contributions as a Percentage of Pretax Net Income Total	Contributions as a Percentage of Pretax Net Income Education	Education as a Percentage of Total Contributions
1971	86.6	865	345	1.00	0.40	39.9
1972	100.6	1,009	365	1.00	0.36	36.2
1973	125.6	1,174	410	0.93	0.33	34.9
1974	136.7	1,200	445	0.88	0.33	37.1
1975	132.1	1,202	450	0.91	0.34	37.4
1976	166.3	1,487	560	0.89	0.34	37.7
1977	200.4r	1,791	665	0.89r	0.33r	37.1
1978	233.5r	2,084	780	0.89r	0.33r	37.4
1979	257.2r	2,288	880	0.89r	0.34r	38.5
1980	237.1r	2,359	980	.99r	0.41r	41.5
1981	226.5r	2,514	1,090	1.11r	0.48r	43.4
1982	169.6r	2,906	1,250r	1.71r	0.74r	43.0r
1983	207.6r	3,627r	1,525r	1.74r	0.73r	42.0r
1984	240.0r	4,017	1,700r	1.67r	0.71r	42.3
1985	224.8r	4,400e	1,875	1.96r	0.83r	42.6
1986	231.9	4,500e	1,950	1.94	0.84	43.3

*U.S. Department of Commerce. ***CFAE estimate.
**Internal Revenue Service. r Revised.

Note: The figures for total corporate contributions and corporate contributions to education are not completely comparable. The former is an IRS figure that includes company grants to their own sponsored foundations and excludes the gifts and grants made by these foundations. As a consequence, they understate the consolidated total of corporate and corporate-foundation contributions for the period after 1979 and other years in which foundation giving is larger than company grants to their foundations (see Table 13). The figures for corporate contributions to education, on the other hand, are CFAE estimates that include the grants made by both corporations and corporate foundations. As a result, the changes in education support as a percentage of total contributions are influenced by this lack of comparability.



per year, both for total corporate contributions and education contributions.

The average annual growth rates for pretax net income (PTNI) and corporate contributions — both total and to education — as well as for the Consumer Price Index (CPI) between 1971 and 1986 are shown below:

Average Annual Growth Rates

		Corporate Contributions		
	PTNI	Total	Education	CPI
1971-76	13.9%	11.4%	10.2%	7.0%
1976-81	6.4	11.1	14.2	9.8
1981-86	0.5	12.3	12.3	3.8
1971-86	6.8	11.6	12.2	6.9

Contributions have traditionally moved hand-in-hand with corporate profits; yet in recent years profits have grown much more slowly, if at all. Profits before taxes in 1986 were still $25.3 billion below their 1979 peak. Even though profits increased about 3 percent in 1986, they still lagged 10 percent below 1979 in current dollars — and 40 percent below in terms of constant dollars. As a result, total contributions rose from less than 1 percent of pretax net income in 1980 to about 1.9 percent in 1986. And the 0.84 percent of profits given to education causes in 1986 is the highest level on record.

The profit drag has been compounded by the wholesale restructuring going on in American business. Mergers and acquisitions, leveraged buyouts and severe cost-cutting removed a significant number of corporate donors from the field — or constricted a company's ability (or willingness) to expand contributions.

Looking ahead, preliminary data indicate level giving totals in 1987 with a slight upturn in 1988. Informal reports to CFAE from leading donor corporations suggest that 1987 giving was flat, giving way to slight increases in 1988. It's significant, despite the very small sample involved (less than 100 corporations), that three quarters of the companies expected to increase total contributions in 1988, and two thirds thought they would increase their giving to education.

The Survey Results

The 1986 Annual Survey of Corporate Contributions is the 13th in a series cosponsored by CFAE and the Conference Board. The survey questionnaire was sent to the *Fortune* 500 lists of industrial and service companies and to companies known to budget at least $100,000 for charitable contributions.

Of these, 372 companies in 21 industry categories responded — 192 manufacturers and 180 service providers. They reported charitable contributions of $1.68 billion, of which 43 percent, or $721 million, was directed to education. In the 1985 survey, education's share of total contributions was five percentage points lower, 38 percent of the total.

Total contributions budgets ranged from $100,000 to $110 million, with a median of $1.4 million. Education contributions budgets ranged from $3,500 to $70.1 million, with a median of $437,000.

Table 2 presents a profile of the participants grouped by size of contributions budget. Over three fourths of both total contributions dollars and education support dollars came from slightly under a quarter of the respondents — the 85 companies with contributions budgets over $5 million. As the contributions budget increases, more corporate dollars go to education; companies with programs between $1 million and $5 million directed 35 percent of their contributions to education, those with programs exceeding $5 million, 46 percent.

WHERE THE DOLLARS GO

Education continues to receive the largest share of corporate contributions (see **Table 3**). The 1986 share of 43 percent is the highest ever allocated to any of the five major categories of charitable causes in a CFAE-Conference Board survey.

Health and human service organizations ranked second, receiving 28 percent of total contributions. Since 1975, when this category received 41 percent of every contributions dollar, its share decreased by 1 to 2 percent almost every year until 1983 and has remained relatively constant since then. Civic and community groups received about 13 percent of total contributions; their share of total contributions is three to six percentage points lower in 1986 than in 1984 and 1985 because of large gifts of property to environmental groups made in those years. Corporate giving to culture and the arts increased slightly to 12 percent of total contributions. The remaining 4 percent was distributed among "other" organizations, including U.S. groups providing assistance overseas and support for special events such as the Olympics.

Year-to-year changes can also be measured by tallying the figures reported by companies responding to the survey in two consecutive years. For the 292 companies participating in both the 1985 and the 1986 surveys and providing details on giving to the five categories of beneficiaries, the largest increase in support, both in dollar and percentage terms, went to education. Total corporate contributions increased by $43 million, or 3 percent, while aid to education increased by $96 million, or about 17 percent. Culture and the arts was the only other category to increase in 1986. (Giving to culture and the arts increased by about $17 million, while support of civic and community groups fell by almost $52 million, and corporate donations to health and human service organizations fell by $12 million.)

Table 2. Profile of Participating Companies by Size of Contributions in 1986

Contributions Budget	Number of Companies		Contributions (millions of dollars) Total		Education		Education as % of Total
Less than $500,00	87	(23.4)	$ 24.8	(1.5)	$ 6.4	(0.9)	25.8%
$500,000-$1 million	72	(19.4)	54.1	(3.2)	17.4	(2.4)	32.2
$1 million-$5 million	128	(34.4)	305.8	(18.2)	105.6	(14.7)	34.5
$5 million and over	85	(22.8)	1,295.7	(77.1)	591.4	(82.0)	45.6
TOTAL	372	(100.0)	$1,680.4	(100.0)	$720.8	(100.0)	42.9%

(Figures in parentheses are percent of total.)

Table 3. Distribution of Corporate Contributions, 1982-1986 (millions of dollars)

	1982 534 Companies		1983 471 Companies		1984 415 Companies		1985 436 Companies		1986 370 Companies	
Education	$ 522.2	40.7%	$ 498.8	39.0%	$ 561.7	38.9%	$ 650.0	38.3%	$ 718.0	42.9%
Health and Human Services	397.3	31.0	367.6	28.7	399.9	27.7	494.1	29.2	468.6	28.0
Civic and Community Activities	149.3	11.7	188.8	14.8	271.6	18.8	279.5	16.5	220.5	13.2
Culture and Art	145.8	11.4	145.2	11.4	154.7	10.7	187.5	11.1	198.8	11.9
Other	67.0	5.2	78.0	6.1	56.4	3.9	83.5	4.9	68.1	4.0
TOTAL	$1,281.6	100.0%	$1,278.4	100.0%	$1,444.3	100.0%	$1,694.6	100.0%	$1,674.0	100.0%

Note that there were substantial, nonrecurring donations of property in both 1985 and 1986. In 1985, there were two gifts of property each valued at about $40 million; and in 1986, one company donated property worth $40 million and another company, previously reporting only cash contributions, reported $13 million in company product gifts. Without these four special grants, total contributions in 1986 showed a $70 million, or 5 percent, increase over 1985, and educational support rose by $56 million for a 10 percent increase over the prior year.

WHERE EDUCATION DOLLARS GO

In alternate years survey participants are asked to give details about the purposes of their grants. **Table 4** presents the education breakdown for 370 companies in 1986 and compares it with details given by 411 companies in 1984.

The 77 percent share of education dollars flowing to colleges and universities in 1986 was considerably larger than the 71 percent average reported between 1976 and 1984. While there was a significant increase in the proportion and dollar amount allocated for departmental grants in 1986, funds allocated for research and project grants declined both in dollar and percentage terms compared to 1984. As a result, the combined categories of departmental and research grants fell from 49 percent to 40 percent of the dollars going to colleges and universities.

A ten-year pattern of decline in grants for unrestricted purposes and for capital projects was reversed in 1986. Unrestricted grants, which had fallen from 18 percent in 1976 to about 8 percent in 1984, increased to almost 11 percent of allocated education dollars in 1986. Capital grants, which had steadily declined from 17 percent to 6 percent between 1976 and 1984, increased to 13 percent of the total in 1986. But note that a single gift of property made up $40 million of the almost $57 million dollar increase.

Table 4. Support of Education by Purpose (thousands of dollars)

	1984 (411 companies)		1986 (370 companies)	
	Amount	% of Total	Amount	% of Total
Colleges and Universities				
Unrestricted operating grants	$ 38,719	7.7	$ 70,019	10.7
Capital grants (including endowment)	30,309	6.0	87,209*	13.4
Departmental grants	63,110	12.5	110,449	17.0
Matching gifts	72,238	14.3	98,696	15.2
Project and research grants	112,143	22.3	88,157	13.5
Student aid	26,080	5.2	25,551	3.9
Grants through fund-raising consortia	13,014	2.6	19,019	2.9
Total Colleges and Universities	$355,613	70.6	$499,100	76.6
Precollege Education				
Matching gifts	$ 3,756	0.8	$ 8,740	1.4
Public school support	13,737	2.7	16,932	2.6
Other	8,629	1.7	13,941	2.1
Total Precollege Education	$ 26,122	5.2	$ 39,613	6.1
Other Educational Programs				
Economic education	$ 11,684	2.3	$ 12,875	2.0
Education-related organizations	17,090	3.4	17,813	2.7
Scholarships and fellowships	22,991	4.6	37,144	5.7
Other	70,221	13.9	44,932	6.9
Total Other Educational Programs	$121,986	24.2	$112,764	17.3
Total Allocated	$503,721	100.0	$651,477	100.0
Unallocated	57,949		66,504	
GRAND TOTAL	$561,670		$717,981	

*Includes single gift of property valued at $40 million.

Scholarships, fellowships and other student aid accounted for about 10 percent of the corporate education dollar, with about two fifths going directly to the colleges and universities, which in turn awarded aid to students. There was a very large increase in dollars awarded by the corporations themselves directly to children of employees and other individuals or through intermediary scholarship organizations.

Matching-gift programs continued to grow, both in dollars and as a share of total education giving. Some companies made special provisions in their programs to match larger-than-usual gifts made at the end of 1986 by individuals anticipating changes in the tax law. (CFAE plans a special *Research Report* in early spring on matching gifts.)

Precollege education attracted 6 percent of the corporate education dollar, up from 1984 but not as dramatically as many had anticipated. Support for K-12 education rose $13.5 million over the two-year period to almost $40 million; public schools received 43 percent of

Table 5. Percentage Distribution of Allocated Educational Support by Purpose, by Industry, 1986

INDUSTRY		Total Dollars Allocated (000)	COLLEGES AND UNIVERSITIES							PRECOLLEGE				OTHER			
			Total	Unrest Operating Grants	Capital Grants	Department Grants	Matching Gifts	Project and Research Grants	Student Aid	Grants through Fund-Raising Consortia	Total	Matching Gifts	Public Schools	Other	Total	Economic Ed and Ed -Related Org'ns	Scholarships and Fellowships	Other
MANUFACTURING																		
Chemicals	(28)	$ 64,916	68.8	8.1	12.7	25.3	11.3	5.5	3.7	2.2	4.5	1.0	0.8	2.7	26.7	4.9	9.6	12.2
Electrical Machinery	(28)	177,412	76.4	3.5	1.5	25.3	11.1	31.4	2.4	1.2	5.7	0.2	1.6	3.9	18.1	2.4	5.1	10.6
Fabricated Metals	(6)	831	77.2	39.2	0	0	36.4	0	0	1.6	0.2	0	0.1	0.1	22.5	20.6	1.9	0
Food, Beverage and Tobacco	(24)	60,147	90.1	3.0	69.3	2.3	12.4	0.9	0.9	1.3	2.4	0.9	0.9	0.6	7.4	1.3	4.1	2.0
Nonelectrical Machinery	(15)	7,212	74.8	8.3	4.6	5.4	24.2	2.6	27.1	2.6	7.0	5.8	0.2	1.0	18.3	4.3	4.7	9.3
Paper and Allied Products	(11)	6,372	67.9	12.0	17.8	8.8	13.9	6.5	6.7	2.2	9.2	1.5	6.5	1.2	22.9	5.1	12.0	5.8
Petroleum and Gas	(24)	98,816	74.0	8.5	6.0	13.8	25.4	12.7	6.3	1.3	10.9	2.7	7.5	0.7	15.2	8.2	4.9	2.1
Pharmaceuticals	(10)	31,227	77.3	5.5	14.5	7.7	11.2	13.2	1.7	23.5	6.8	1.7	3.7	1.4	16.0	4.9	8.6	2.5
Primary Metals	(11)	6,600	81.7	6.5	16.2	7.7	24.9	13.7	10.1	2.6	2.6	0.2	1.5	0.9	15.7	7.7	8.0	0
Printing and Publishing	(9)	13,564	30.3	2.9	1.0	3.5	16.6	3.8	1.5	1.0	6.9	5.7	0.7	0.5	62.7	3.2	4.5	55.0
Stone, Clay and Glass	(7)	1,681	58.5	3.5	1.5	7.7	35.6	4.7	4.3	1.2	14.3	9.5	4.7	0.1	27.2	10.5	16.7	0
Textiles and Apparel	(6)	3,676	73.6	6.3	7.3	38.6	13.8	1.4	2.6	3.6	10.4	1.2	1.3	7.9	16.0	8.2	7.8	0
Transportation Equipment	(11)	59,083	83.4	50.1	8.7	10.8	9.4	1.9	1.2	1.3	3.0	0.8	0.9	1.3	13.6	5.1	7.3	1.2
All Manufacturing	(190)	531,537	76.1	10.5	13.4	16.7	14.4	15.0	3.4	2.7	6.1	1.3	2.6	2.2	18.0	4.4	6.1	7.5
NONMANUFACTURING																		
Banks	(47)	22,517	79.7	20.0	25.1	2.0	24.2	2.0	3.7	2.7	10.2	4.2	3.2	2.8	10.1	4.8	3.9	1.4
Business Services	(8)	4,152	81.4	6.8	1.7	19.0	36.4	15.2	0.1	2.2	2.1	0.9	0.4	0.8	16.5	4.5	8.6	3.4
Finance	(5)	3,080	59.9	17.3	2.8	8.2	27.2	2.3	0	2.1	9.7	0.2	7.3	2.2	30.5	11.9	15.7	2.9
Insurance	(42)	27,784	71.1	6.2	7.6	12.6	25.8	5.9	9.4	3.6	9.7	2.9	5.2	1.6	19.3	6.8	5.4	7.1
Merchandising	(15)	7,565	71.7	16.9	21.0	2.5	9.8	7.5	11.6	2.4	8.0	0.8	6.2	1.0	20.4	5.7	6.2	8.5
Telecommunications	(13)	42,863	88.0	7.1	12.0	37.3	10.5	10.0	6.6	4.5	2.6	0	0.5	2.1	9.5	7.3	0.7	1.5
Transportation	(5)	1,971	70.9	7.7	10.9	1.2	8.8	22.7	0.9	18.7	15.1	5.4	0.5	9.2	14.0	1.6	11.0	1.4
Utilities	(45)	10,008	73.3	27.7	12.4	6.3	19.1	3.0	1.8	3.0	4.1	1.1	1.6	1.4	22.7	5.5	5.8	11.4
All Nonmanufacturing	(180)	119,940	79.0	11.9	13.4	18.2	18.6	7.0	6.1	3.8	6.5	1.7	2.7	2.1	14.6	6.4	4.0	4.2
GRAND TOTAL	(370)	$651,477	76.6	10.7	13.4	17.0	15.2	13.5	3.9	2.9	6.1	1.4	2.6	2.1	17.3	4.7	5.7	6.9

(Numbers in parentheses show the number of companies reporting.)

Table 6. Details of Allocated Education Support by Region, 1986 (thousands of dollars)

Region	Number of Companies	Education as a Percentage of Total Contributions	Total Allocated Education Support	Colleges and Universities	Precollege Education	Scholarships	Economic Education	Education-Related Organizations	Other
New England (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut)	42	47%	$ 67,994	$ 35,253	$10,206	$ 2,307	$ 1,058	$ 1,211	$17,959
			(100.0)	(51.8)	(15.0)	(3.4)	(1.6)	(1 8)	(26.4)
Mid-Atlantic (New York, New Jersey)	61	44	200,792	160,229	7,273	12,460	2,862	7,530	10,438
			(100.0)	(79.8)	(3.6)	(6.2)	(1.4)	(3.8)	(5.2)
Industrial Heartland (Pennsylvania, Ohio, Michigan, Indiana, Illinois, Wisconsin)	115	37	149,012	110,075	7,313	11,546	4,049	4,709	11,320
			(100.0)	(73.9)	(4.9)	(7.7)	(2.7)	(3.2)	(7.6)
Southeast (Delaware, Maryland, Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi)	56	53	93,193*	84,883*	1,699	2,653	1,529	1,121	1,308
			(100.0)	(91.1)	(1.8)	(2.8)	(1.6)	(1.3)	(1.4)
Breadbasket (Minnesota, Iowa, Missouri, Kansas, Nebraska, South Dakota, North Dakota)	29	31	34,496	27,224	2,085	2,508	705	524	1,450
			(99.9)	(78.9)	(6.0)	(7.3)	(2.0)	(1.5)	(4.2)
Southwest (Arkansas, Louisiana, Texas, Oklahoma)	31	44	29,745	22,158	751	2,429	1,245	1,486	1,676
			(100.0)	(74.5)	(2.5)	(8.2)	(4.2)	(5.0)	(5.6)
Mountain States (Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Idaho)	4	22	498	324	35	60	69	0	10
			(100.0)	(65.1)	(7.0)	(12.0)	(13.9)	(0.0)	(2.0)
Pacific (Washington, Oregon, California Alaska, Hawaii)	32	49	75,747	58,954	10,250	3,182	1,358	1,232	771
			(99.9)	(77.8)	(13.5)	(4.2)	(1.8)	(1.6)	(1.0)
TOTAL	370	43	$651,477	$499,100	$39,612	$37,145	$12,875	$17,813	$44,932
			(100.0)	(76.6)	(6.1)	(5.7)	(2.0)	(2.7)	(6.9)

(Numbers in parentheses represent percentage breakdown within a region.) *Includes a single gift valued at $40 million.

these dollars. In addition, much of the $12.9 million separately allocated for economic education is directed to elementary- and secondary-level programs. Besides direct monetary support, many companies devote other corporate resources, employee volunteer time and educational materials to precollege programs, and these are usually not reported as charitable contributions for tax purposes.

INDUSTRY DIFFERENCES

Table 5 shows the wide variations in the relative importance of different types of education support from one industry to another. Both the manufacturing and service-sector industries increased the dollar amount and shares allocated to unrestricted operating grants and capital purposes at colleges and universities.

The research emphasis of computer companies in the electrical machinery industry is especially evident. These firms accounted for about 60 percent of the $168 million given for departmental and research grants by all manufacturing companies in the survey. Well over half of their total education support was directed to these two purposes. Other large contributors to departmental and research needs were the petroleum, telecommunications and chemical industries.

The computer, oil, chemical and transportation industries each gave over $5 million for student aid — both college grants and scholarships and fellowships to individual students. The insurance industry provided a third of the nonmanufacturing dollars, closely followed by the telecommunications industry.

The petroleum industry represented about a fourth of the matching-gift dollars going to colleges and universities. In fact, the 24 oil companies contributed more matching-gift support than all 180 nonmanufacturing companies combined; they also were the largest donors of matching gifts to elementary and secondary schools. Over half of the funds for precollege education came from computer and oil companies. The petroleum industry gave by far the largest amount for public school support — $7.4 million. Nonmanufacturing firms accounted for a fifth of precollege aid.

REGIONAL DIFFERENCES

There are distinct regional differences in corporate giving, although most regions give education the largest share of total contributions, as shown in **Table 6.** Companies headquartered in the Mid-Atlantic area account for almost a third of allocated education dollars. Firms in the Southeast gave more than half of their total contributions to education, with 90 percent of the total to higher education (again a single property gift valued at $40 million influenced the total). Companies based in New England and the Pacific states provided over half of all contributions going to the K-12 level; the proportion of their budgets designated for precollege programs was significantly higher than for the other regions.

CONTRIBUTIONS RATIOS

Ratios of corporate contributions to pretax net income (PTNI) and assets, expressed as percentages, are traditional measures of corporate commitment to charitable causes. These ratios for total contributions and education support are shown in **Table 7** for companies reporting financial data on a worldwide basis and for those reporting on United States operations only. Relative to PTNI, the higher percentages of both total contributions and education gifts in 1986 compared to 1985 come from the combined effects of higher contributions and lower earnings in 1986. The relationship to worldwide assets remained almost identical with the 1985 sample. It should be noted that the number of companies reporting these data varies from year to year: For 318 companies reporting in both the 1985 and 1986 surveys, total contributions as a share of worldwide PTNI

Table 7. Total Contributions and Educational Support in Relation to Worldwide and U.S.-Only Pretax Income and Assets, 1982-1986 (millions of dollars)

Worldwide	1982 513 companies	1983 471 companies	1984 392 companies	1985 409 companies	1986 351 companies
Total Contributions	$ 1,255.5	$ 1,329.6	$ 1,423.9	$ 1,636.4	$ 1,647.8
Support of Education	511.7	518.7	553.5	626.8	706.0
Pretax Income	134,746.0	152,832.0	147,716.0	159,974.0	137,979.6
Total Assets	2,921,421.0	2,852,949.0	2,593,032.0	3,260,887.2	3,339,512.2
Total Contributions as a Percentage of:					
Pretax Income	0.932	0.870	0.964	1.023	1.194
Total Assets	0.043	0.047	0.055	0.050	0.049
Support of Education as a Percentage of:					
Pretax Income	0.380	0.339	0.375	0.392	0.512
Total Assets	0.018	0.018	0.021	0.019	0.021
Support of Education as a Percentage of:					
Total Contributions	40.8	39.0	38.9	38.3	42.9
U.S. Only					
Total Contributions	$ 918.6	$ 1,011.4	$ 1,168.2	$ 1,361.6	$ 1,423.1
Support of Education	358.4	406.0	438.1	511.6	611.5
Pretax Income	79,334.0	89,035.0	89,013.0	98,461.6	80,718.5
Total Assets	1,637,241.0	1,600,112.0	1,540,271.0	2,256,935.8	2,108,554.6
Total Contributions as a Percentage of:					
Pretax Income	1.158	1.136	1.312	1.383	1.763
Total Assets	0.056	0.063	0.076	0.060	0.067
Support of Education as a Percentage of:					
Pretax Income	0.452	0.456	0.492	0.520	0.758
Total Assets	0.022	0.025	0.028	0.023	0.029
Support of Education as a Percentage of:					
Total Contributions	39.0	40.1	37.5	37.6	43.0

increased from 1.075 in 1985 to 1.267 in 1986, and giving to education as a share of earnings rose from 0.416 to 0.556. These companies reported a decrease in pretax net income in 1986 of $17 billion, or 12 percent, while their total contributions increased by $57 million, or 4 percent. Education support, including a single property gift of $40 million, rose by $103 million, or almost 18 percent.

Table 8 compares the manufacturing companies by size of worldwide pretax net income and assets. Over three fifths of the reporting companies have PTNI greater than $100 million and assets over $1 billion. In general, there is an inverse relationship between contributions as a percentage of financial measures and corporate size: As PTNI or assets increase, contributions as a percentage of these measures decrease. On the other hand, education support as a share of total contributions is higher for the group of companies with assets greater than $1 billion.

Table 8. Contributions by Manufacturing Companies by Size of Worldwide Pretax Net Income and Assets, 1986

Pretax Net Income		% of PTNI		Education as % of Total Contributions	Assets		% of Assets		Education as % of Total Contributions
		Total	Education				Total	Education	
Net Loss	(18)			44.1	$50 million under $250 million	(8)	.215	.062	28.8
Net Income less than $10 million	(2)	17.66	8.99	50.9	$250 million under $500 million	(17)	.159	.037	23.4
$10 million under $25 million	(13)	4.24	2.23	52.6	$500 million under $1 billion	(24)	.145	.056	38.4
$25 million under $50 million	(14)	3.13	1.77	56.5	$1 billion under $2.5 billion	(50)	.151	.071	47.2
$50 million under $100 million	(22)	2.14	0.82	38.3	$2.5 billion under $5 billion	(33)	.123	.035	28.5
$100 million under $250 million	(40)	1.54	0.63	40.9	$5 billion under $10 billion	(21)	.142	.067	46.9
$250 million under $500 million	(29)	1.39	0.47	33.6	$10 billion and over	(28)	.095	.051	53.7
$500 million under $1 billion	(21)	1.40	0.65	45.4					
$1 billion and over	(22)	1.10	0.59	53.6	TOTAL	(181)	.110	.053	48.0
All Manufacturing Companies	(181)	1.44	0.69	48.0					

(Numbers in parentheses show the number of companies reporting.)

Table 9. Total Contributions and Support of Education in Relation to Worldwide Pretax Net Income and Assets and Comparative Rankings by Industry, 1986

Industry	Number of Companies	PTNI (millions)	Assets (millions)	Total Contributions (000)	Support of Education (000)	Education as a Percent of:		
						Total Contributions	PTNI	Assets
MANUFACTURING								
Chemicals	27	$ 12,092	$ 119,123	$ 151,521	$ 64,098	42.3 (6)	.530 (8)	.054 (6)
Electrical Machinery	28	19,195	186,706	298,402	179,412	60.1 (1)	.935 (2)	.096 (2)
Fabricated Metals	6	512	4,998	4,794	1,079	22.5 (20)	.211 (18)	.022 (14)
Food, Beverage and Tobacco	22	12,103	90,328	196,390	80,692	41.1 (8)	.667 (5)	.089 (3)
Nonelectrical Machinery	15	444	27,410	24,859	10,137	40.8 (10)	2.283 (1)	.037 (8)
Paper and Allied Products	11	2,067	30,066	18,818	6,533	34.7 (14)	.316 (12)	.022 (14)
Petroleum and Gas	24	18,903	373,557	231,611	113,005	48.8 (4)	.598 (6)	.030 (9)
Pharmaceuticals	9	6,311	33,312	68,526	24,928	36.4 (13)	.395 (9)	.075 (4)
Primary Metals	10	−3,314	26,232	16,215	6,692	41.3 (7)		.026 (10)
Printing and Publishing	9	2,157	13,413	30,963	16,143	52.1 (3)	.748 (3)	.120 (1)
Stone, Clay and Glass	7	970	9,742	10,174	2,532	24.9 (18)	.261 (16)	.026 (10)
Textiles and Apparel	5	500	6,020	6,213	3,618	58.2 (2)	.724 (4)	.060 (5)
Transportation Equipment	11	11,285	163,102	134,105	63,331	47.2 (5)	.561 (7)	.039 (7)
Total Manufacturing	184	83,225	1,084,009	1,192,591	572,200	48.0	.688	.053
NONMANUFACTURING								
Banks	45	8,760	1,063,695	104,391	26,947	25.8 (17)	.308 (13)	.003 (21)
Business Services	6	764	12,250	7,368	2,851	38.7 (11)	.373 (10)	.023 (13)
Finance	4	1,228	90,962	9,592	3,712	38.7 (11)	.302 (14)	.004 (20)
Insurance	37	8,071	568,483	96,771	26,100	27.0 (16)	.323 (11)	.005 (19)
Merchandising	12	4,875	109,928	62,974	12,094	19.2 (21)	.248 (17)	.011 (17)
Telecommunications	13	16,515	190,167	116,079	47,507	40.9 (9)	.288 (15)	.025 (12)
Transportation	5	−237	16,318	6,855	2,019	29.4 (15)		.012 (16)
Utilities	45	14,777	203,701	51,176	12,666	24.8 (19)	.086 (19)	.006 (18)
Total Nonmanufacturing	167	54,753	2,255,504	455,206	133,896	29.4	.244	.006
GRAND TOTAL	351	$137,978	$3,339,513	$1,647,797	$706,096	42.9	.512	.021

(Industry rankings are in parentheses.)

INDUSTRY VARIATIONS

Table 9 compares total contributions and education support by industry in two ways: As a percentage of PTNI and as a proportion of assets. Education as a percentage of total contributions, PTNI and assets are at the right, with the industry ranking on these measures.

Manufacturing companies gave 48 percent of total grants to education vs. 29 percent for the nonmanufacturers; they also devoted a greater proportion of their profits and assets to education than did the service-sector companies. The manufacturing sector accounted for over four fifths of all education support, while total contributions of these companies were 2.6 times greater than their nonmanufacturing counterparts.

CASH VS. NONCASH GIVING

For the third year in a row, noncash contributions — company products and surplus property — accounted for about 20 percent of giving to all causes. For education programs, noncash gifts accounted for a larger share — 28 percent. In 1985, noncash gifts made up 19 percent of all education contributions.

Close to three fifths of product and property gifts were made to education donees. **Tables 10** and **11** break down total contributions and education support into cash, securities, products and property and show the mean, median, high and low dollar figures for each type of giving. In Table 10, data for total contributions are divided between direct company contributions and giving from company-sponsored foundations.

Gifts of surplus property were especially significant for education in 1986. In dollar terms, they were four times greater than the amounts reported in the 1985 survey, and in percentage terms, they rose from 3 percent to 12 percent of all gifts to education. As a result of this surge in surplus-property gifts, cash gifts as a percentage of total education support dropped from 81 percent in 1985 to 72 percent in 1986. Company-product donations to education remained steady at about 16 percent of the total.

Noncash gifts from the manufacturing sector are particularly significant for education. Product and surplus-property gifts comprise close to a third of manufacturing contributions to education as compared to less than 10 percent for nonmanufacturing firms. Over half the education contributions of electrical machinery, food, beverage and tobacco, and printing and publishing firms take the form of product and property donations.

Manufacturers of electrical machinery — primarily the computer companies — dominate company-product gifts. About half of all product gifts reported in the 1986 survey, and over four fifths of product donations to education, come from these companies.

Table 10. Forms of Giving — Total Contributions, 1986 (thousands of dollars)

		Total	Percent of Total	Mean	Median	Maximum	Minimum
Cash	(363)	$1,319,290	79.1%				
Via foundation	(219)	632,860		$2,890	$1,061	$29,789	$15
Via corporation	(322)	686,430		2,132	598	77,500	2
Securities	(12)	7,870	0.5				
Via foundation	(0)	0		0	0	0	0
Via corporation	(12)	7,870		656	254	2,305	.075
Products	(69)	204,730	12.3				
Via foundation	(3)	80		27	23	50	7.5
Via corporation	(67)	204,650		3,054	369	32,000	1.6
Property	(67)	136,580	8.2				
Via foundation	(2)	510		256	256	510	2
Via corporation	(67)	136,070		2,031	123	40,090	.086
Total	(363)	$1,668,470	100.0%				
Via foundation	(219)	633,450	38.0				
Via corporation	(326)	1,035,020	62.0				

(Numbers in parentheses show the number of foundations/corporations reporting.)

Table 11. Forms of Giving to Education, 1986 (thousands of dollars)

	Total		Percent of Total	Mean	Median	Maximum	Minimum
Cash	$510,341	(350)	71.9%	$1,458	$411	$35,800	$ 1.1
Securities	1,024	(4)	0.1	256	256	452	59.3
Products	115,247	(27)	16.2	4,268	812	31,900	3.0
Property	82,946	(31)	11.7	2,676	90	40,000	0.3
Total	$709,558	(351)	99.9%	$2,022	$437	$70,100	$ 3.5

(Numbers in parentheses show the number of companies reporting.)

Table 12. Percentage of Reporting Companies with Foundations, by Industry, 1986

Industry		Percentage
MANUFACTURING		
Paper and Allied Products	(10)	90.9
Primary Metals	(10)	90.9
Transportation Equipment	(10)	90.9
Nonelectrical Machinery	(13)	86.7
Pharmaceuticals	(8)	80.0
Chemicals	(21)	75.0
Food, Beverage and Tobacco	(18)	75.0
Electrical Machinery	(21)	72.4
Stone, Clay and Glass	(5)	71.4
Fabricated Metals	(4)	66.7
Textiles and Apparel	(4)	66.7
Printing and Publishing	(6)	60.0
Petroleum and Gas	(14)	58.3
All Manufacturing	(144)	75.0
NONMANUFACTURING		
Finance	(4)	80.0
Banks	(33)	70.2
Insurance	(27)	64.3
Business Services	(5)	62.5
Telecommunications	(7)	53.8
Merchandising	(8)	53.3
Transportation	(2)	40.0
Utilities	(10)	22.2
All Nonmanufacturing	(96)	53.3
ALL COMPANIES	(240)	64.5

(Numbers in parentheses show the number of foundations.)

FOUNDATIONS SMOOTH THE WAY

Almost two thirds of the survey respondents have established company foundations (see **Table 12**), and some make all their contributions through their foundations. Others choose to make part of their contributions through their foundations, and the rest directly to the donees from the parent companies.

Foundations serve to stabilize the flow of charitable contributions — they can maintain and even increase their grants when their affiliated companies reduce their contributions in times of declining profits. They can use earnings on their assets, draw down assets or do both. In periods of high profits, company grants can replenish foundation assets.

Table 13 presents the contributions of the survey respondents and their foundations for the past five years. The first line on the table shows the total gifts reported by companies to the IRS for income-tax purposes. These include gifts from the corporations to their foundations, shown on the second line. Disbursements by the foundations are then shown, and added to contributions given directly by the company. This gives the total consolidated contributions from both the corporate foundations and their affiliated companies to all causes.

About three fifths of the contributions of survey participants in 1986 came directly from corporations, with the remainder funded through their foundations. While most companies with corporate foundations also made direct company grants, 37 companies relied entirely upon their foundations. The median value of contributions made from foundations was $989,000 in 1986, up from $797,000 in 1985. The median grant program coming directly from the corporations in 1986 was $780,000.

For the first time since 1979, company payments into their foundations exceeded grants made by the foundations, but only by $8 million. Seventeen companies paid $10 million or more each into their foundations, with the largest payment $70 million. The median value of grants made by affiliated companies to their foundations was $430,000 in 1986, up from $400,000 in 1985. Eight companies created new foundations in 1986, five in the service sector. Payments into foundations were 5.7 percent higher in 1986, even though there were fewer reporting companies than in 1985. At the same time, the foundations contributed

Table 13. Structure of Corporate Contributions (millions of dollars)

	1982	1983	1984	1985	1986
Total Company Gifts	$1,116.8 (519)	$1,250.7 (484)	$1,448.9 (404)	$1,666.5 (438)	$1,688.6 (353)
Less: Gifts to Company Foundations	367.1 (186)	435.7 (159)	562.2 (157)	614.0 (269)	649.1 (157)
Direct Company Gifts to Others	749.7 (494)	815.0 (461)	886.7 (388)	1,052.5 (412)	1,039.5 (334)
Plus: Company Foundation Gifts	531.9 (286)	553.0 (270)	569.2 (230)	658.4 (271)	641.0 (224)
Total Corporate Contributions	$1,281.6 (534)	$1,368.0 (503)	$1,455.9 (422)	$1,710.9 (439)	$1,680.5 (372)
Difference Between Foundation Receipts and Foundation Gifts	− 164.8	− 117.3	− 7.0	− 44.4	+ 8.1
Cumulative Change from 1974	− 184.1	− 301.4	− 308.4	− 352.8	− 344.7
Number of Companies with Foundations	297	283	243	269	240

(Numbers in parentheses show the number of companies reporting.)

2.6 percent less than the foundations participating in the 1985 survey.

Over the last five years, foundations have paid out some $325 million more than companies have paid into their foundations. Foundations funded these contributions by drawing on accumulated reserves and the earnings on those reserves. Details on foundation cash flow and assets by industry are available upon request from CFAE.

INDIVIDUAL COMPANIES

Table 14 presents a profile of the top 25 contributors to education for both the manufacturing and service sectors. These 50 companies together provided two thirds of the education support reported by all survey respondents. The top-50 in 1986 gave $70 million, or 16.8 percent, more to education than did the top 50 in 1985. The manufacturing companies gave 58 percent of their contributions to education, with product and property gifts accounting for 43 percent of their 1986 education support.

Table 14. Top 25 Manufacturing and Nonmanufacturing Companies Ranked by Education Support, 1986

	Education Support (000)	Total Contributions (000)	Education as % of Total	Worldwide PTNI (millions)	Contributions as a Percentage of PTNI	
					Education	Total
MANUFACTURING						
1.	$ 70,100	$111,900	62.6	$ 8,389	.836	1.334
2.	49,132	72,076	68.2	1,917	2.563	3.760
3.	35,338	56,115	63.0	2,748	1.286	2.042
4.	28,548	32,949	86.6	780	3.660	4.224
5.	23,967	46,100	52.0	8,457	.283	.545
6.	18,044	30,900	58.4	2,985	.604	1.035
7.	16,716	34,974	47.8	3,689	.453	.948
8.	14,536	21,700	67.0	675	2.153	3.215
9.	12,364	25,830	47.9	1,588	.779	1.627
10.	12,131	19,155	63.3	1,358	.893	1.411
11.	11,729	26,141	44.9	1,303	.900	2.006
12.	9,451	17,654	53.5	1,740	.543	1.015
13.	9,269	23,886	38.8	1,071	.865	2.230
14.	9,050	24,941	36.3	2,811	.322	.887
15.	9,005	21,306	42.3	1,175	.766	1.813
16.	8,418	8,875	94.9	118	7.134	7.521
17.	8,364	9,467	88.3	296	2.826	3.198
18.	7,977	17,567	45.4	1,348	.592	1.303
19.	7,629	17,883	42.7	2,993	.255	.597
20.	7,066	14,297	49.4	598	1.182	2.391
21.	6,815	13,006	52.4	−608		
22.	6,459	7,687	84.0	0		
23.	6,319	7,164	88.2	42	15.045	17.057
24.	6,007	14,750	40.7	1,028	.584	1.435
25.	5,342	12,338	43.3	1,059	.504	1.165
	$399,776	$688,661	58.1	$47,560	.841	1.448
NONMANUFACTURING						
1.	$ 27,117	$ 46,564	58.2	$ 2,321	1.168	2.006
2.	4,999	19,750	25.3	1,825	.274	1.082
3.	4,358	29,747	14.7	344	1.267	8.647
4.	3,428	6,004	57.1	557	.615	1.078
5.	3,223	8,426	38.3	491	.656	1.716
6.	3,100	12,000	25.8	1,735	.179	.692
7.	3,057	9,382	32.6	1,208	.253	.777
8.	2,955	10,260	28.8	236	1.252	4.347
9.	2,932	9,642	30.4	844	.347	1.142
10.	2,891	12,378	23.4	2,105	.137	.588
11.	2,746	10,428	26.3	2,892	.095	.361
12.	2,672	10,353	25.8	1,700	.157	.609
13.	2,649	3,170	83.6	1,566	.167	.200
14.	2,454	6,971	35.2	701	.350	.994
15.	2,360	8,307	28.4	1,979	.119	.420
16.	2,350	6,267	37.5	178	1.320	3.521
17.	2,248	7,278	30.9	1,166	.193	.624
18.	2,233	20,782	10.7	494	.452	4.207
19.	1,880	5,674	33.1	−81		
20.	1,850	11,647	15.9	925	.200	1.259
21.	1,653	4,154	39.8	312	.530	1.331
22.	1,557	3,709	42.0	289	.539	1.283
23.	1,536	5,801	26.5	499	.308	1.163
24.	1,404	4,248	33.1	246	.571	1.727
25.	1,403	3,830	36.6	793	.177	.483
	$89,055	$276,772	32.2	$25,345	.351	1.092

Appendix: About This Report

This report presents the results of the 13th Annual Survey of Corporate Contributions, a joint project of CFAE and the Conference Board. Although the information included here relates primarily to corporate support of education, the data are consistent with the tabulations presented by the Conference Board in its more general report which covers corporate support of areas other than education.

Usable questionnaires were returned by 372 companies. While the sample is very small in relation to the total number of incorporated enterprises in the United States, it provides the basis for the national estimates, calculated by the Council for Aid to Education, that are presented in Table 1. The participating companies account for disproportionate shares of the dollar totals applicable to the entire corporate universe. In particular, these companies account for three fifths of the total pretax net income and over one third of estimated total contributions and educational support of the entire population of nearly three million corporations in this country.

In addition, the survey companies provide information that is not available for the entire corporate universe, including regional differences and data on the distribution of corporate contributions by purpose.

MEASURING TOTAL CONTRIBUTIONS

At the present time the only nationwide data on total corporate philanthropy in the United States are those tabulated by the Internal Revenue Service (IRS) from the corporate income tax returns filed each year. In some instances these figures include monies that were not actually paid to donees in that year, and in other cases they do not include all of the corporate contributions dollars received by charitable organizations in the year.

Although the magnitude of the differences between the IRS figures and actual contributions is not now known, this survey is collecting data that may make future estimates possible. It is already evident that the differences are significant and that they vary from year to year, depending on business conditions, earnings on the assets of corporate foundations, tax regulations and other elements. Three factors contribute to the differences.

1. The figures reported by corporations on their income tax returns include contributions to company-sponsored foundations but exclude the gifts and grants made by these foundations. Company foundations were established primarily to insulate the flow of contributions from the ups and downs of the business cycle. Typically, therefore, the amounts given by a company to its foundation in a prosperous year will exceed the contributions made by that foundation, thus enabling the foundation to add to its reserve against leaner times. The IRS figures in this year will overstate the amounts actually given to donees. Conversely, in depressed times when company payments either slow or stop completely, the foundation will draw upon its reserves to maintain the level of its contributions program. The IRS figures for these years will understate actual gifts.

2. The tax code allows for carryovers of contributions from past years and into the future, thus distorting reported amounts of gifts and grants. The tax code provides that certain exclusions and deductions, not ordinarily recognized by generally accepted accounting principles, may be used by corporations in calculating their taxable income. These provisions can result in taxable income that is significantly lower than pretax net income. The code also provides that up to 10 percent of taxable income can be deducted for charitable contributions for taxable years starting after December 31, 1981. Any time contributions exceed this allowable percentage, the excess contributions can be carried into the following years [Section 170(d)(2)]. An unknown portion of the amount reported by corporations to the IRS includes excesses from previous years and excludes amounts paid during the current year that are being carried forward.

3. Many companies use the right to "prepay" contributions, as provided in Section 170(a)(2) of the tax code. Under certain circumstances contributions made in the first two and a half months of a year may be taken as a deduction from the prior year's income. An undetermined amount of the contributions reported to the IRS includes funds that were actually disbursed in the following year.

It is clear therefore that the amount actually received by charitable organizations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year.

DEFINITIONS: CONTRIBUTIONS

Because of the problems with IRS contributions data outlined above, this report contains figures with different bases. The national contributions totals in Table 1 are from the IRS; all other figures on total contributions and support of education are based on figures reported by the respondents and include gifts and grants made by their company-sponsored foundations, as well as contributions made directly by the companies themselves, but exclude payments by the companies into their foundations. Most of these figures are for payments actually made during the year and exclude any carryovers or prepayments reported for income tax purposes.

DEFINITIONS: FINANCIAL DATA

The information regarding assets and pretax net income is what the survey respondents reported in their consolidated financial statements. It includes dollars derived from overseas sources as well as from domestic operations. The data for companies without international operations are included in the "worldwide" figures. A number of companies, however, expressed an interest in information related only to operations in the United States since most contributions are limited to institutions in this country. A few comparisons are made using these domestic data, although worldwide figures are used in most of the analyses. The Conference Board's *Annual Survey of Corporate Contributions* includes additional tables with detailed comparisons of "U.S. Only" data.